



Memorandum for All NIH Employees

September 27, 2002

You may have heard about a government-wide effort to identify functions that do not always have to be performed by the government, and to determine whether a private sector contractor can perform any of these. Known as "competitive sourcing," this process is also commonly referred to as "A-76" (the number of the OMB Bulletin that describes the process). NIH is approaching this process carefully and openly. Our goal is to make the best decisions for the NIH, to be fair to all affected employees, and to ensure that we make the best use of the resources provided to us by the Administration, the Congress, and the American taxpayers.

A steering committee that includes representatives from the ICs and the OD is guiding this effort. Staff from the Office of Management Assessment are assigned full time to this effort, and contractors highly experienced in this field are assisting them (these contractors will not be competing to perform the work of NIH employees). Supervisors and staff performing the work will participate by providing information on the current costs to the NIH. Together we will ensure that we contract out functions only if that is the best decision. .

All Executive Branch agencies developed a list of functions that can be performed only by the government ("inherently governmental functions") and a list that could also be performed by a contractor ("commercial functions"). At the NIH, the commercial functions represent a wide range of occupations and grades, and are found in every IC and the OD. By September 30, 2004, the President's plan to streamline government requires us to complete cost comparison studies on about 13 percent of the jobs at the NIH (about 2,300). We expect to know the specific jobs we will be studying by the spring of 2003. The study will consider cost as well as other factors dealing with the value of the service received and its role in the overall NIH operation. The Secretary of Health and Human Services and the NIH Director have assured us that even if some functions are contracted out, everyone will have a job at the end of this process.

We are preparing an extensive plan to keep all NIH employees informed of our activities in this area. There will be regular communications to all employees, using various media (including written and electronic memos, a web site, and staff meetings). If this process affects your position, we will keep you fully informed as specific information develops, and we will address your questions and concerns. In cases where a contract is more advantageous, all affected employees will continue to have a job. You may have some choices, including the opportunity to join the contract staff or to have another job at the NIH or elsewhere in the federal government. We are finalizing the details of a plan to support affected employees in this transition, by providing career management support, training, and placement services.

You will be hearing more about these activities in the coming months. As soon as we finalize which positions will be studied, the process for communicating this information to you, and the plan to assist affected employees, we will make them public and keep them updated. In the meantime, if you have questions about the process, I ask that you contact your Institute or Center Executive Officer.

/s/

Charles E. Leasure, Jr.
Deputy Director for Management